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FISCAL IMPACT STATEMENT

LS 6891

BILL NUMBER: HB 1434

NOTE PREPARED: Mar 19, 2009

BILL AMENDED: Mar 19, 2009

SUBJECT: Job Recruitment Grant.

FIRST AUTHOR: Rep. Michael

FIRST SPONSOR: Sen. Kruse

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes the New Business Recruitment Grant Program for local economic development organizations serving counties where the unemployment rate exceeds the state unemployment rate by at least 2%.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Indiana Economic Development Corporation (IEDC):* This bill requires the IEDC to administer the New Business Recruitment Grant Program. The IEDC will require additional staff time to adopt policies and guidelines for application criteria, and procedures for organizations to apply for grants. This bill establishes a Local Economic Development Organization Recruitment Fund that will cover the IEDC's costs associated with administering the program.

The bill does not make an appropriation for the Grant Program or Fund, but it does provide that the Fund will consist of appropriations from the General Assembly, interest income from investments, and any money from state assistance grants provided under the federal American Recovery and Reinvestment Act of 2009 or another federal economic stimulus law enacted in 2009.

(Revised) *New Business Recruitment Grant Program:* This bill establishes the New Business Recruitment Grant Program, and its purpose is to assist local economic development organizations serving economically disadvantaged areas with the recruitment of new businesses. The bill defines "economically disadvantaged areas" as counties that have unemployment rates that exceed the state unemployment rate by at least 2%, and "local economic development organizations" include the following: urban enterprise associations; economic development commissions; nonprofit corporations; regional planning commissions; nonprofit educational

organizations; and other similar organizations. Grants provided by this bill may not exceed \$50,000 for an organization that serves one county, and \$75,000 for an organization that serves at least two counties.

Local Economic Development Organization Recruitment Fund: This bill establishes the Local Economic Development Organization Recruitment Fund to provide funding for the New Business Recruitment Grant Program. The fund will also cover administrative expenses incurred by the IEDC resulting from the implementation of the grant program, as well as expenses associated with administering the fund. Money remaining in the fund at the end of a fiscal year will not revert to the state General Fund. The bill specifies that the fund will consist of appropriations from the General Assembly, interest income from investments, and any money from state assistance grants provided under the federal American Recovery and Reinvestment Act of 2009, or another federal economic stimulus law enacted in 2009.

(Revised) Background Information - As of January 2009, 25 counties had unemployment rates that exceeded the state unemployment rate of 9.9% by at least 2%. These counties are listed below. Also, there were three counties with unemployment rates of 11.8%: Decatur, Putnam, and Wayne.

County	Unemployment Rate
Elkhart	18.3%
LaGrange	18.0%
Noble	17.9%
Howard	16.9%
Miami	15.3%
Tipton	15.0%
Steuben	14.9%
Fayette	14.8%
Marshall	14.8%
Lawrence	14.5%
Starke	14.3%
Kosciusko	14.0%
Dekalb	13.5%
Jennings	13.5%
Blackford	13.4%
Adams	13.0%
Wabash	12.9%
Vermillion	12.8%
Crawford	12.7%
Cass	12.5%
Fulton	12.4%
Henry	12.4%
Randolph	12.4%
Grant	12.3%
Washington	11.9%

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Local economic development organizations may receive grants to recruit new business enterprises to counties served by the organizations. Grants provided by this bill may not exceed \$50,000 for an organization that serves one county, and \$75,000 for an organization that serves at least two counties. The organization must serve an economically disadvantaged area, (counties with unemployment rates that exceed the state unemployment rate by at least 2%), to be eligible for grants.

State Agencies Affected: IEDC.

Local Agencies Affected: Local economic development organizations.

Information Sources: Research & Analysis Unit, Indiana Department of Workforce Development.

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